

Chapter Five -- Getting Ready To Buy A House

Sooner or later you'll get the "buying bug." It may hit you suddenly and you'll wish you'd done some advance planning. **Renters should do these things to prepare for qualifying for a loan:**

- Open a special savings account for your down payment. If you buy inside the city limits through Chattanooga Neighborhood Enterprise, you'll need \$850 in savings. Aim for \$1200. Lenders look for a pattern of **regular** deposits and few withdrawals.
- Get a copy of your credit report and make written arrangements to pay off collection accounts. Stick with your agreement! You can't make a mortgage loan otherwise.
- Make rent payments on time because the lender will check with your landlords. Pay by check or money order and save receipts.
- Pay bills on time. Show no "slow pays" for at least a year .
- Stick with that job! Most lenders require two years in the same job or field.
- Reduce debt! Payments on borrowed money should take no more than 12% of your gross monthly income, no matter how much you make.
- Raise household income to at least \$15,000 per year. Income from part-time jobs or child support will be counted if it's been regular for two years.
- Don't bankrupt! See the Consumer Credit Counseling Service for debt management help. Bankruptcy is a formidable barrier to home ownership unless it was occasioned by a medical disaster!
- Call the Housing Info Line for a confidential counseling session by phone. At the time this book was published, the interest rate on mortgage loans was at its lowest point in thirty years. **With rent rates escalating in this area, it just makes sense for most families to "own their own"!**